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John B. Muleta, Chief  
Wireless Telecommunications Bureau  
Federal Communications Commission  
445 Twelfth Street, S.W., Room 3-C252  
Washington, D.C. 20554

Re: Improving Public Safety Communications  
in the 800 MHz Band, WT Docket No. 02-55

Dear Mr. Muleta:

Thank you for taking the time to meet with me and representatives from Kane Reece Associates on February 19, 2004 to discuss Kane Reece's detailed appraisal of Nextel's "Consensus Plan." As we outlined in that meeting, Nextel's proposed plan would give Nextel, for free, 10 MHz of nationwide spectrum in the 1.9 GHz band – and deny the American public the benefits that would result from auctioning that spectrum.

As Kane Reece stated in its appraisal report, "If the Consensus Plan were adopted, the value of Nextel's spectrum holdings would increase by \$7.2 billion." Nearly \$5.3 billion of this increase represents the appraised value of the 10 MHz block of nationwide 1.9 GHz spectrum that the FCC would give Nextel. The remainder of the windfall represents the significantly increased value that Nextel would reap from receiving contiguous spectrum in the 800 MHz band in return for the current encumbered, non-contiguous spectrum it holds in that band. Kane Reece has stated that its appraisal is consistent with the Uniform Standards of Professional Appraisal Practice, and that the only other valuation filed with the Commission does not meet those standards.

At our meeting, in response to our presentation on the enormous value of the 1.9 GHz spectrum giveaway, Commission staff asked us how much money Verizon Wireless would offer to pay in return for the 1.9 GHz spectrum that Nextel wants for free. Here is our answer: *Verizon Wireless is ready, willing and able to participate in an immediate auction of the 1.9 GHz spectrum.*

The Kane Reece appraisal values the 1.9 GHz spectrum at nearly \$5.3 billion. As Congress and the Commission have said many times, spectrum auctions represent the best way of ensuring that spectrum is put to its highest and best use, and that the Government and the American public realize the full benefits from licensing spectrum. The only way the Government can obtain the fair market value of that spectrum is to

auction it. There is absolutely no justification for squandering such a valuable asset by giving it away to Nextel or anyone else through a "private sale." We therefore urge that you immediately take the steps necessary to make the 1.9 GHz spectrum available for auction. Public safety interests could be met by allocating part of the auction proceeds to support relocation. An auction could also help meet the nation's critical public safety and homeland security needs. It would not, as would Nextel's Plan, serve the private interest of one company.

Verizon Wireless fully supports the efforts of the public safety community to resolve its interference problems in the 800 MHz band. However, interference can be addressed just as effectively by realigning the 800 MHz band, *without* affecting other spectrum bands. There is no reason to involve the 1.9 GHz band at all. Moreover, removing the 1.9 GHz spectrum from consideration in this proceeding would still allow Nextel to receive a significant windfall from the in-band realignment of 800 MHz spectrum public safety has endorsed. Nextel would enjoy an increase in the value of its much-improved 800 MHz spectrum holdings that far exceeds the value of the relocation fund it has offered to establish. The Commission should thus require Nextel to pay all of public safety's relocation costs. Granting Nextel billions of dollars worth of *additional* spectrum in a new band would only make Nextel's windfall even more excessive, as well as deprive the public the benefits of auctioning the spectrum.

Thanks again for meeting with us. If you have additional questions about the appraisals that we have submitted, please let us know.

Best regards,

/s/

Molly Feldman